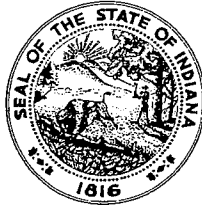


# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT  
FINANCE



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**TO:** Indiana School Superintendents

**FROM:** Cheryl A. W. Musgrave, Commissioner *CWM*

**RE:** School Corporation Fiscal Year Budgets

**DATE:** June 9, 2008

House Enrolled Act 1001 specifies many changes for schools, including the change from a calendar year budget to a fiscal year budget.

According to the statute:

“For budget years beginning after June 30, 2010, this section applies to all school corporations. Beginning in 2010, each school corporation shall adopt a budget under this section that applies from July 1 of the year through June 30 of the following year. In the initial budget adopted by a school corporation in 2010 under this section, the first six (6) months of that initial budget must be consistent with the last six (6) months of the budget adopted by the school corporation for calendar year 2010.”

As the legislation has left the responsibility of prescribing this process to the DLGF, I wanted to make you aware of several options under consideration. These, among other ideas, will be discussed at a July 16 meeting with Dennis Costerison, Executive Director of the Indiana Association of School Business Officials (IASBO), and several other IASBO members.

These options include, but are not limited to:

- Option 1:** All schools adopt a calendar year budget for the year 2010 (January 1, 2010 through December 31, 2010) by September 30, 2009 in addition to adopting a fiscal year budget for the year 2010-2011 (July 1, 2010 through June 30, 2011) before February 1, 2010 (based upon I.C. 6-1.1-17-5.6). The first six (6) months of the fiscal year budget would be consistent with the last six (6) months of the calendar year budget (July 1, 2010 through December 31, 2010). This would result in an amount similar to the “normal” line 2 on the financial statement if the corporation were adopting a calendar year budget for 2011.
- Option 2:** All schools adopt an eighteen (18) month budget by September 30, 2008. This would represent the calendar year of 2009 and the first six (6) months of 2010. All schools would then adopt a fiscal year budget for the initial fiscal year of July 1, 2010 through June 30, 2011 before February 1, 2010.

3. **Option 3:** All schools adopt a calendar year budget for the year 2009 by September 30, 2008, in addition to proceeding with the Additional Appropriation process for budgets representing the first six (6) months of 2010. Schools would then adopt the initial fiscal year budget for 2010-2011 by February 1, 2010.

Other items of interest or to consider as you plan for the transition include:

- When adopting the initial fiscal year budget for 2010-2011, all line items on the school financial statement will back up by six (6) months, i.e. "line 2" will read "Balance of Appropriations from January 1, 2010 through June 30, 2010"; and "line 6" will read "Actual Cash Balance – December 31, 2009."
- The DLGF will revise budget program forms to coincide with the correct fiscal year dates.

The Department is interested in receiving feedback on these options, the effects of each on school corporations, and the steps needed to achieve a successful transition for all.

Please submit written feedback on these options and other important considerations on this matter to Mary Jane Michalak, Director of Communications, at [mmichalak@dlgf.in.gov](mailto:mmichalak@dlgf.in.gov). If you would like to speak to someone regarding these options, please contact your Budget Field Representative.

Written comments can be submitted via U.S. Mail to:

Indiana Department of Local Government Finance  
100 N. Senate, Room 1058B  
Indianapolis, IN 46204  
Attention: Mary Jane Michalak, Director of Communications

The Department of Local Government Finance (DLGF) is cognizant of the challenges school corporations will face with the transition from a calendar year to a fiscal year budget, and we are looking forward to the opportunity to assist during this time.